

**Access to Microfinance & Improved Implementation of Policy
Reform
(AMIR Program)**

Funded By U.S. Agency for International Development

**Microfinance Innovation Program (MIP)
Grants Manual**

Final

(Modified Version)

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Credits

This manual was prepared by Chemonics International Inc., prime contractor to the U.S. Agency for International Development for the AMIR Program in Jordan. In its preparation, the invaluable assistance of Reese Moyers, Fakhri Nustas, Derek Farwagi, Jamil El Wheidi, and Wafa Qassis is hereby acknowledged. Without their insightful input, this manual would not have been possible.

This manual was revised in May 1999, to address concerns of USAID in approving the first MIP Grants to be issued under the AMIR program.

Important Note

This manual has been written for use by three audiences and is organized so that it can be “broken up” into discrete pieces for distribution to those audiences as follows:

- AMIR Program personnel who will be responsible for implementing the grants envisioned under MIP must understand this Manual in its entirety;
- USAID/Amman, the ultimate authority for approval of the design and process involved in the MIP grants program must understand this manual in its entirety.
- Prospective beneficiaries of MIP grants will be provided a copy of the MIP Grants Instruction Booklet (Section B).

Section B contains eligibility criteria which, to the best of AMIR’s knowledge at this writing, are appropriate for grants under the MIP. However, if it becomes clear at some future date that these criteria are too stringent, they may be altered in the future. (e.g. to accommodate organizations who may not be able to establish separate subsidiaries), with USAID approval. If this occurs, Section B will be revised to prospective grantees.

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Section A

MIP Design & Process

I. INTRODUCTION AND PURPOSE

The Access to Microfinance and Improved Implementation of Policy Reform (hereinafter referred to as the “AMIR Program”) is funded by the United States Agency for International Development. The goals of the AMIR Program are to stimulate greater investment and to assist the Jordanian business environment to become more globally competitive. The Microfinance Component of the AMIR Program will provide support for private companies and non-government organizations which provide, or plan to provide, credit and other financial services to micro- and small-scale Jordanian entrepreneurs on a sustainable basis. This support will be provided through AMIR’s Microfinance Innovation Program (hereinafter referred to as the “MIP”).

The purpose of the MIP is to support innovative approaches leading to a significant increase access by a large number of micro- and small-scale entrepreneurs to financial services under programs which are operationally and financially sustainable over a period exceeding the life of any grant extended under the MIP. Any microfinance program for which a grant is extended under the MIP must be consistent with this purpose, and in that regard, “a significant increase” in the purpose means that any microfinance program funded under the MIP must be sufficiently large in scale and outreach so as to make a meaningful contribution, in the estimation of the AMIR Program, to the overall results required under the Microfinance Component of the AMIR Program.

This section, section A cover the design and operating procedures related to the overall MIP program. Section B, is the grant instruction booklet which explains the program, and which will be distributed to prospective grantees.

If approved under the terms and conditions of this Grants Manual, MIP grant funding may be provided, for a portion of operating costs associated with establishing or expanding sustainable microfinance programs, such as a contribution to staff expenses, technical assistance, training, and limited commodity procurement and loan capital requirements

II. DEFINITIONS

Authorized Signatory (hereinafter referred to as “Agent”). An Agent is the individual authorized to sign Grant Agreements on behalf of an Applicant and on behalf of Chemonics and the AMIR Program.

AMIR Program (hereinafter referred to as “AMIR” or the “AMIR Program”). A four-year activity funded by the United States Agency for International Development and implemented by Chemonics International, Inc. and a consortium of subcontractors.

AMIR Program Microfinance Component Leader (hereinafter referred to as the “Component Leader”). The Component Leader manages the Microfinance Component of the AMIR Program and reports directly to the Chief of Party.

Beneficiary (hereinafter referred to as the “Beneficiary”). A generic term referring to an organization which has been awarded funding under the MIP through the signing of a Grant Agreement.

Benchmarks (hereinafter referred to as “Benchmarks”). Key programmatic and financial targets that must be met to qualify for initial or subsequent disbursements of MIP funds.

Best Practices for Successful Microenterprise Lending (hereinafter referred to as “Best

Practices”) are a group of methodologies which are generally required for microfinancial services organization to reach operational and financial sustainability. These methodologies are indicated with greater detail in Appendix D to the MIP Grant Instruction Booklet (Section B).

Business Plan (hereinafter referred to as “Business Plan” or “SMF Business Plan”) is the document submitted as part of any prospective beneficiary’s Application. The Business Plan specifies in as much detail as possible the Applicant’s proposed SMF program which will be implemented using MIP grant funding and therefore forms the primary source of information for evaluation of the prospective Beneficiary’s Application. All business plans must be in the format specified in Appendix A of the Grant Instruction Booklet (Section B) hereto.

Chemonics. Chemonics International Inc. of Washington, D.C., the firm which holds the contract with USAID for the AMIR Program and the legal principal who will enter into a binding grant agreement with beneficiary agents.

Chief of Party (hereinafter referred to as the “COP”). The COP, also known as the AMIR Program Director, is the legal representative of Chemonics in Jordan, and is the authorized signatory for Chemonics and the AMIR Program for written communication with USAID/Amman with respect to the MIP and for any Grant Agreements which may be signed as part of the MIP. The COP shall also serve as the AMIR representative on the MIP Committee and may designate another person to serve in that capacity if he/she cannot do so.

Cognizant Technical Officer (hereinafter referred to as the “CTO”). The CTO is an employee of USAID/Amman whose responsibilities include oversight of the AMIR Program. The CTO will coordinate obtaining the RCO’s consent on any proposed Grant Agreements which may be proposed as part of the MIP. The CTO will also receive any monthly reports provided by the MIP Administrator detailing, grants awarded, amounts disbursed and current overall MIP status.

GOJ. The Government of Jordan for which the Ministry of Planning is the cognizant ministry for the AMIR Program.

Grant Agreement (hereinafter variously referred to as the “Agreement”, “Grant” and/or the “Grant Agreement”). A legal instrument that governs the allocation of MIP Grant funds for a MSF Program, and defines the role and responsibilities of the Beneficiary for any funding under the MIP.

Microfinance Specialist (hereinafter referred to as the “Specialist”). The Specialist is a microfinance expert working within the Microfinance Component and reporting to the Microfinance Component Leader.

Microfinance Innovation Program, herein after referred to as “MIP”, is the program of Application evaluation, grant award, disbursement and monitoring of grants which is governed by this Operating Manual.

MIP Administrator (hereinafter referred to as the “Administrator”). The Administrator is the AMIR Program Grants/ Program Administrator, and will support the Component Leader, the Specialist and other Microfinance Component personnel in carrying out the following work: assessing needs, establishing program funding parameters and eligibility criteria,

issuing solicitations, evaluating applications, making recommendations for approvals, and providing follow-up monitoring and evaluation. The Administrator works out of the AMIR Program office and reports directly to the Chief of Party.

MIP Advisor(s) (hereinafter referred to in singular as an “Advisor” and in plural as the “Advisors”). The Advisors are a working group internal to AMIR Program who review formal MIP applications and make recommendations to the MIP Committee. The Advisors include, but are not limited to, the AMIR Program’s Microfinance Specialist and the Administrator. Other advisors may be added, as necessary.

MIP Applicant (hereinafter referred to as the “Applicant”). An eligible organization applying for funding under the MIP through the submission of a MIP application.

MIP Application (hereinafter referred to as the “Application”). An Application is a written document, in form and substance conforming to the requirements of this Operating Manual, which outlines in detail the microfinance services program being proposed by an Applicant for funding under the MIP.

MIP Committee (hereinafter referred to as the “Committee”). The MIP Committee shall be made up of three voting members (a representative from the MOP, the AMIR SMI Component Leader and the AMIR Chief of Party) and one non-voting member from USAID. The MIP Committee shall meet to consider longer-term Organizational Development Applications for approval and shall approve for funding those applications which meet the evaluation criteria as specified herein.

Ministry of Planning (hereinafter referred to as the “MOP”) - The Ministry of Planning of the Government of Jordan.

Regional Contracting Officer (hereinafter referred to as the “RCO”). The RCO is an employee of USAID/Amman whose responsibilities include granting consent to any Grant Agreements as may be proposed under the MIP.

SMF Program SMF Program refers to the micro and small-scale financial service program which the prospective Beneficiary is proposing in its Application to implement using MIP funding. The proposed SMF Program should strive to become operationally and financially sustainable over the life of the grant funding requested in the Application.

USAID. The Mission of the United States Agency for International Development in Jordan, which provides the funds for the AMIR Program, approves the form and substance of this grants manual and has a non-voting representative on the MIP Committee.

III. MIP APPLICATION, EVALUATION, & APPROVAL PROCESS

A. General

MIP Grants will have a duration not to exceed that of the AMIR Program, will be in an amount not exceeding the JD equivalent of \$ 2,000,000 and will be in support of an approved sustainable microfinance business plan. The following process will govern the submission and processing of Applications for funding under the MIP.

B. Solicitation of MIP Applications

During the first six months of its implementation, the AMIR Program conducted in-depth assessments of NGOs and commercial banks in Jordan to ascertain their interest in sustainable microfinance and to assess their organizational capabilities for implementing SMF programs. This assessment phase also included, at one level or another, evaluating their interest in implementing SMF programs of a size consistent with AMIR's program objectives. It has been agreed between USAID/Amman and the AMIR Program that for the purpose of the MIP the afore-mentioned process of NGO and bank assessment satisfies the regulatory need for fair and open competition in the solicitation of applications for funding under the MIP. Additionally, the AMIR Program office shall from time to time request expressions of interest from NGOs and private financial institutions in accordance with a schedule which will be advertised and shared with all prospective Beneficiaries.

C. Pre-Application Assistance

Applicants may receive training and technical assistance from the AMIR Program in upgrading their operations and/or organization in order to meet MIP requirements prior to submission of an Application. Based on the results of discussions with AMIR Program staff, a decision will be made as to what, if any, technical assistance or training is warranted prior to the submission of an Application for MIP funding. However, in no case shall such assistance be financed by any funding that may be approved under the MIP.

D. MIP Grant Tracking Form

Following the receipt of a response to a Grant advertisement, the MIP Administrator will track the process using the MIP Grant Application Tracking Form contained in Annex A-1 hereto which is an internal AMIR Program document used by the Administrator to document all steps taken in that process. The Administrator will also create a grant file which will contain all information pertaining to the grant at any point in time. At the conclusion of the application process (non-approval or check issued) this file will be provided, fully complete to the AMIR Program Assistant for safe keeping. At all steps in the application, evaluation, award, funding and monitoring process the Administrator will keep the MIP Grants Database updated.

E. MIP Grant Instruction Manual Issuance

Following receipt of a verbal or written request for information on the MIP grants, the Administrator shall formally issue to the requesting party, against the receipt, a copy of the MIP Grant Instruction Booklet which contains all necessary instructions and forms to apply for a MIP Grant.

F. MIP Grant Application Format

Application for MIP grants must be in the format described in paragraph F.2. of the MIP Grant Instruction Manual (Section B). Any application not in the required format shall be returned to the Applicant.

G. Initial Application Review/Verification

Any Concept Paper submitted as described in paragraph F.1 of the MIP Grant Instruction Booklet (Section B) will be reviewed by the Advisors. If the concept paper evidences a program concept which is consistent with the objectives of the AMIR Program, the submitting organization maybe requested to submit a formal grant Application. If the concept described is not consistent with AMIR Program objectives, the submitting organization should be so informed. In either case, communication with the submitting organization regarding approval or non-approval of a concept paper shall be accomplished using the letter illustrated in Annex A-2.

Any Applicant submitting an Application in the required format must immediately schedule a meeting with the MIP Advisors. This meeting serves as a briefing session and question-and-answer opportunity. During this meeting, the MIP Advisors thoroughly review the Application with the Applicant to ensure that it fully conforms to the format required and to ensure their understanding of its content. After this initial review of the format with the Advisors, the Applicant must not enter into further subsequent substantive involvement in completion of the Application. If the Application is in conformity with the format required, the Advisors will verify the Applicant's eligibility and conformity to conditions precedent or specified in paragraph G. of the MIP Grant Instruction Booklet (Section B). If the Application is not in conformity with the format specified, or does not pass the eligibility and conditions precedents verifications, it will be returned to the Applicant, using the letter in Annex A-3, for further refinement and for possible re-submission whereupon this Initial Application Review may be repeated.

H. MIP Grant Application Evaluation

After the initial Application Review/Conditions Precedent Verifications, the Advisors shall evaluate the Application against the criteria specified in Appendix B of the MIP Grants Instruction Booklet (Section B). Any MIP Grant Application scoring 75 points or greater on the criteria contained therein may be recommended for approval by the Advisors. Any applicant scoring 74 point or fewer will be notified that its application has not been approved using the letter presented in Annex A-3 hereto.

I. Application Recommendation & MIP Committee Meeting

If the Advisors proceed to recommend any Application to the MIP Committee, they will do so in the following manner:

1. The Administrator will schedule a meeting of the MIP Committee and other required personnel;
2. At the scheduled meeting the following individuals shall be present:
 - ? a minimum of two members of the MIP Committee. The presence of any two of the three designated members of the MIP Committee shall constitute a quorum for the purposes of voting for approval or non-approval of the Application;
 - ? a minimum of one of the Advisors who evaluated the Application;
 - ? the AMIR Program Assistant to act as secretary and keep minutes of the meeting;
3. The Advisor(s) present shall make a presentation of their evaluation results to the MIP Committee and shall, if necessary, make available any supporting

- documentation as may be required. As part of their presentation, the Advisor(s) shall have prepared a MIP Funding Approval Sheet as specified in Annex A-4 which shall be circulated to the MIP Committee members present to signify their votes on the Application under consideration.
4. Based on the presentation made by the Advisor(s), the MIP Committee shall vote to approve or not approve the Application, and shall signify their votes in the appropriate space provided on the MIP Funding Approval Sheet.
 5. Two “yes” votes are required to approve an Application for Grant funding, and if such award is so voted, the Advisors are authorized to draft a Grant Agreement in form and substance approximating the Proforma Grant Agreement illustrated in Appendix C of the MIP Grant Instruction Booklet (Section B) for submission to USAID/Amman as specified in J.1. below.

J. USAID Consent & Final Agreements

1. Submission for the Consent of USAID/Amman’s RCO

Before any Grant Agreement can be finalized and signed with any Applicant, the “consent” of the RCO is required for the specific agreement. A proforma example of such agreement is included in Appendix C of the MIP Grant Instruction Booklet (Section B) hereto, but the actual agreements will vary according to the nature of the Beneficiary’s SMF Program. Such consent is obtained by submitting the following to the CTO at USAID/Amman:

- A. a completed MIP Funding Consent Letter in the format specified in Annex A-5 hereto;
- B. a completed MIP Funding Approval Sheet in Annex A-3a ;
- C. the projected balance sheets and income statements for the SMF Program proposed in the successful Application;
- D. the proposed Grant Agreement.

During the process of finalizing the proposed Grant Agreement, the AMIR Program staff from the SMI Component and the MIP Administrator will meet with the Beneficiary to discuss the terms and conditions of the agreement, relevant USAID and other U.S. Government regulations, relevant MIP procedures, including but not limited to those relating to the disbursement advances, and to discuss mutual expectations during MSF Program implementation. This is to ensure full understanding on the part of both the Beneficiary and AMIR Program staff as to how implementation should proceed and to ensure that the agreement accurately reflect this understanding.

The Administrator will prepare the above-mentioned submission for the signature of the AMIR Program Director prior to submission to USAID. Once signed by the AMIR Program Director, the submission to USAID/Amman will be handled by the AMIR Program Assistant as per any other submission to USAID/Amman.

2. Execution of Grant Agreements

Upon receipt of the original MIP Funding Consent Letter bearing signature of the RCO at USAID/Amman signifying his/her “consent” to the proposed Grant Agreement, the Grant Agreement would be sent to the Applicant for signature advising him in writing as per the

letter in Annex A-3. Upon receipt of the Grant Agreement from the Applicant, duly signed by the Applicant's Agent, the AMIR Program Director is authorized to sign the Grant Agreement on behalf Chemonics and the AMIR Program. Copies of the signed Grant Agreement would then be sent to the CTO and the Applicant. This would conclude the MIP application, evaluation, approval & agreement process.

K. Management of Grant Implementation

1. General. Upon the signing of a Grant Agreement, the Applicant, now understood to have become the Beneficiary, will begin to carry out its prime responsibility, namely implementation of its SMF Program according to the programmatic time frame agreed with the AMIR Program in the Grant Agreement.

The AMIR Program will also begin to exercise its MIP management responsibilities as follows:

- support of the Beneficiary in implementation with periodic disbursements of funds against the performance benchmarks agreed in the Grant Agreement;
- monitor the Beneficiary's performance with respect to implementation through a series of reports as agreed in the Grant Agreement;
- report to USAID / Amman on a periodic basis on the overall status of the MIP with respect to funds disbursed, beneficiary performance, AMIR intermediate results and other measures.
- install and maintain a monitoring and evaluation system which track overall MIP activity and performance.

2. Terms and Conditions of Grant Agreements. The Schedule: "Terms and Conditions" stipulated in the Grant Agreement executed between the Beneficiary and the AMIR Program are designed to ensure that the Beneficiary's implementation, and AMIR's MIP management, are in full compliance with USAID and other U.S. Government policies and regulations. In general, these "Terms and Conditions" are non-negotiable, and must be strictly adhered to by both the Beneficiary and by the AMIR Program, particularly, Attachment 3 of the Schedule, Standard Provisions.. They will govern the Beneficiary's implementation of its SMF Program, the funding of that program, and the resolution of any ambiguities, questions, or disputes that may arise in the course of that program.

3. Agreement Filing & Tracking Number. Upon receipt of the signed Grant Agreement, the MIP Administrator will photocopy the agreement(s), will create files for each agreement and will assign a unique tracking number to each agreement and file. The originals of all agreements will be delivered to the AMIR Program Assistant for safekeeping under file names and numbers which are identical to those of the MIP Administrator.

4. Disbursement Procedures. On a monthly basis as agreed in the Grant Agreement, funds will be disbursed according the following procedures:

- a. **Advance Request Forms** - Following the signing of a Grant Agreement, the MIP Administrator shall prepare, for each agreement, as set of Advance Request forms,

one form for each of the calendar months of the life of the agreement. In addition to filling in all of the basic information related to the Beneficiary, including the aforementioned unique tracking number to each of the forms, the Administrator will insert into each form the benchmarks from the agreement which correspond to the month for which the form has been generated. The Administrator will provide the entire set of forms to the SMI Component Leader for content verification. Once the SMI Component Leader has verified their correctness, the Administrator will retain one copy of each form in the appropriate file and forward the originals to the beneficiary for use in requesting advances.

- b. **Advance Request** - thirty days prior to the beginning of the month in which the advance of funds is required, the Beneficiary will submit to the MIP Administrator an Advance request in the format specified in Attachment 7 to the proforma Grant Agreement (Section B, Appendix C). The advance request(s) will be submitted with the required budget attached.

The required budget is the expression in financial terms of the activities the SMF Program proposes to undertake in the following month and serves the following purposes:

- it projects the Beneficiary's overall funding needs for the coming month;
- it projects the portion of that funding which is being requested from the AMIR Program;
- it indicates how funding requested will be used by line item; and
- it contributes to uniformity of financial reporting across all MIP-funded programs.

In order to ensure that these purposes are indeed served, and that no double-billing or redundant financing occurs, the Beneficiary must present the balance sheet "to-date" and "for the upcoming month" with sufficient detail for "loans outstanding" so that the needs in this category can be verified and also indicate sources of funding (AMIR & each non-AMIR source) which will cover the local capital presented. In addition to the budget(s), with each Advance Request Form, the Beneficiary must indicate in the appropriate space, the degree to which the benchmarks agreed in the Sub-contract and/or Grant agreements have been accomplished.

- c. **Verifying Advance Request Completeness** - Upon receipt of an Advance Request as described above, the MIP Administrator will verify that the request is complete in terms of benchmark indicators, attached budgetary information and signatures. The Administrator will then forward the complete Advance Request Forms to the SMI Component Leader for authorization of the advance. During program implementation, SMI Component personnel and the MIP Administrator will monitor monthly financial information and progress reports closely to ensure that funds are being used as agreed, and that SMF Program objectives are being met. Problems or impediments will be discussed with the Beneficiary in order to resolve them.

- d. **Advance Authorization** - the SMI Component Leader will use the information on the Advance Request Form to determine whether the Beneficiary is entitled to receive

the advance requested. Authorization will normally be granted if the Advance Request Form is complete and the beneficiary has achieved an average of 80% of the targeted benchmarks for the month, however the SMI Component Leader may decide in exceptional cases if extenuating circumstances merit either declining an advance where the 80% threshold has been achieved or authorizing an advance where the 80% threshold has not been achieved. In both of these exceptional cases, the SMI Component Leader will document his/her decision by memo to the AMIR Director.

- e. **Check Preparation** - Once the Advance is authorized, the Advance Request Form with all supporting documentation will be passed to the AMIR Accountant. Upon verification of the three signatures of the Beneficiary's Agent, the MIP Administrator and the SMI Component Leader in the appropriate places, the AMIR Accountant will fill in the final section of the Advance request Form and prepare a check for the advance. The Accountant will then present the check and all supporting documentation to the AMIR Program Director for signature. Following signature by the AMIR Program Director, the AMIR accountant will ensure that the check is received by the Beneficiary against a signature from the appropriate Beneficiary employee receiving the check.
- f. **Non-Authorization of Advances** - In the event that the AMIR Program does not authorize an advance, whether for incompleteness of the request, failure to meet benchmarks or for other reasons, a letter to the Beneficiary will be written by the MIP Administrator for signature by the SMI Component Leader which will explain the reasons that the Advance has not been authorized.

5. Procurement Policy. As part of the MIP Application, Applicants are required to submit a list of projected expenditures for the procurement of equipment, other commodities and/or service contracts with a value of the JD equivalent of US\$500 or more. The procurement policies which the Beneficiary must follow are referred to in paragraph 14 and attachment 1, Annex 4 of the Proforma Grant Agreement in Appendix C of Section B of this manual.

6. Beneficiary Fiduciary and Financial Management Responsibilities. Beneficiary responsibilities for proper control and management of funds disbursed under any MIP grant agreement are described in paragraph 10 to 12 and in Attachment 1, Annex 2 of the Proforma Grant Agreement.

7. Monitoring And Evaluation. Beneficiary performance will be monitored and evaluated using the monthly, quarterly and annual reports required of the Beneficiary in paragraph 12 and Attachment 1, Annex 3 of the Proforma Grant Agreement.

8. Grant Agreement Modification or Termination. Grant Agreement may be modified from time to time for reasons such as the following:

- the achievement of the program objective is in jeopardy, but an agreed upon implementation schedule modification can put the activity back on track;
- there is a need to increase the budget above the approved total amount; and/or
- there is need to significantly modify the grant budget.

All modifications which call for an increase in the total amount of the Grant must first be

approved by the MIP Committee, which approval is sought by convening of a special MIP Committee meeting, and the tabling of a MIP Agreement Modification Approval Sheet in form and substance presented in Annex A-7. The Agreement Modification Notice is prepared by the MIP Administrator and approved by the SMI Component Leader prior to presentation to the MIP Committee.

If the MIP Committee grants approval of the MIP Agreement Modification Approval Sheet, it is then forwarded to the USAID/Amman CTO for presentation to the USAID/Amman RCO for his/her consent. Once such consent is granted, the relevant modification is signed and incorporated into the relevant agreement.

A Grant Agreement may be terminated for the reason cited, and in the manner described in paragraph 19 of the Proforma Grant Agreement.

9. Grant Activity Completion Form. After the Administrator has received and accepted the Grantee Completion Report, he/she prepares the Grant Activity Completion Form in the format contained in Annex A-6. The report must be distributed to the Advisors for review and feedback. Prior to finalization of the Form, the Administrator must ensure that all details related to the grant activity have been resolved.

Once the Completion Form has been prepared, copies are distributed to the MIP Committee, MIP Advisors and USAID. A copy of the Completion Form is placed in the grant activity file to serve as a closure statement.

Annex A-1

MIP APPLICATION TRACKING FORM

Annex A-2

Draft Concept Paper Acceptance/Non Acceptance Letter

(AMIR Letterhead)

Date:

Dear Applicant:

This letter is in response to the Concept paper you submitted to the AMIR Program on _____ requesting consideration for funding under the Microfinance Innovation Program (MIP).

We hereby inform you that your concept for creating a small and micro-scale financial service program.

- ' has not been accepted because it does not meet the AMIR Program purpose and objectives. If you wish to resubmit your concept, please discuss it with the AMIR Program SMI Component Leader.
- ' has been accepted because it does meet the AMIR Program purpose and objectives. You are hereby requested to submit a formal application for MIP funding in the format required by the MIP operating manual.

Thank you for your commitment to expanded microfinance services in Jordan.

Sincerely yours,

Stephen Wade
AMIR Program Director

Annex A-3

Letter of Approval/Non-Approval

(AMIR Program Letterhead)

Date *(date of letter)*

Mr./Ms. *(Name of Beneficiary's Authorized Signatory)*
(Name of Beneficiary Organization)
(Address of Beneficiary Organization)

Dear *(name of prime contact at applicant organization)*

This is in response to the application you submitted to the AMIR Program on *(date of application)* requesting consideration for a Grant under its Microfinance Innovation Program (MIP). Please be informed of the following:

" After detailed review of your request, we must unfortunately inform you that your application has not been approved. This decision has been taken for the following reason:

- ' application not in conformity with required format.
- ' failure to meet eligibility requirement.
- ' failure to meet conditions precedent.
- ' failure to meet minimum score of 75 points in grants evaluation process.

" We are pleased to inform you that your request has been approved. Enclosed is the Grant Agreement for your signature along with its attachments. Please also sign the two certifications contained in Attachments 1, Annexes 5 and 6 to the Agreement. If you have any questions, please contact the AMIR SMI Component Leader.

If you have any questions regarding this decision, please contact us.

Thank you for your interest in expanding microfinancial services in Jordan and in the AMIR Program.

Sincerely yours,

Stephen P. Wade
AMIR Program Director

Annex A-3a

1 of 3 Pages

MIP Funding Approval Sheet

Grant Approval Process

The AMIR Program's MIP Committee met today, ___/___/___, to consider an Application for a Grant from _____ and in connection with that Application, the MIP Advisors confirm the following:

1. That an Application was submitted by the Applicant on: ___/___/___;
2. That said Application conformed to the required format;
3. That the Application received the following Grant evaluation score: _____ (75 minimum for approval) and that the relevant score sheet is attached;
4. That the Advisors hereby recommend that the MIP Committee Approve a Grant in connection with the Application and thereby authorize the AMIR Program to enter into a Grant Agreement with the above-named Applicant in the amount of Jordanian Dinars _____.

Recommending Advisors' signatures: _____

Advisor

Advisor

MIP Committee Decision on Grant is as follows (two "Approved" votes signifies "MIP Committee Approval"):

MOP Representative Vote: Approved ? _____ Not Approved ?

MOP Representative _____

MOP Representative _____

AMIR Representative Vote 1: Approved ? _____ Not Approved ?

AMIR Representative _____

AMIR Representative _____

AMIR Representative Vote 2: Approved ? _____ Not Approved ?

USAID Representative _____

AMIR Representative _____

MIP Committee Decision Recorded: Approved ? Not Approved ? _____

MIP Committee Secretary

If Approved, the MIP Administrator assigns a Grant tracking number here: _____.

Scoring Sheet for Grants

Applicant Name :

Criteria	Advisor 1	Advisor 2	Average
1 SMF Program Outreach maximum 10 Points The degree to which the SMF Business Plan evidences credible plans to provide microfinance services to a target market of micro and small entrepreneurs which is sufficiently large as to make a significant contribution to the overall microfinance targets and objectives of the AMIR Program.			
2. Management Structure and Capability maximum 25 Points The degree to which the SMF Business Plan evidences that: ? the Applicant's Board of Directors possesses the management and leadership qualities of necessary for establishing and/or directing a profit-oriented company, as evidenced by summary CV's; ? the Applicant's senior management possesses the management and leadership qualities necessary for the successful management of a start-up or ongoing, profit-oriented company, as evidenced by summary CV's; ? the existence of a charter which defines Board and management responsibilities and authorities; the evolution of a formal organizational structure which is consistent with the programmatic and financial outlined in the SMF Business Plan. ? ?			
3. Programmatic & Financial Projections maximum 15 Points The degree to which the SMF Business Plan credibly demonstrates that it: ? has the potential to increase the number of small and micro borrowers with access to sustainable microfinance services to a sufficient level to make a meaningful impact on the overall quantitative results for borrowers and savers required under the AMIR Program; ? has the potential to reach the quantitative results for the AMIR Program's target markets including: ? •Enterprises employing less than 10 people; ? •30% of borrowers outside of Amman; ? •50% of borrowers to be women; ? it is based on Best Practices methodologies; ? it will achieve operational sustainability during the period for which MIP funding is requested and financial sustainability within a reasonable period soon after. ?			

Annex A-3a

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Pages

Scoring Sheet for Grants

Applicant Name :

Criteria	Advisor 1	Advisor 2	Average
4. Management Information Systems maximum 20 Points The extent to which the Applicant has installed: A. a computerized accounting system which accurately reflects the financial position of the Applicant, which possesses an audit trail by which all receipts and expenditures may be traced and allocated and which provides financial data as required in any Grant Agreement as may be approved for funding; B. 2.a computerized loan monitoring and reporting system which is capable of rapidly reporting the aging of the Applicant's loan portfolio and of segregating client data by gender, geographic location, and number of employees C. D.			
5. Management and Loan Officers maximum 15 Points The extent to which the Applicant's: ? senior management has successfully implemented its SMF Program to date; ? senior management and loan officers have been trained in Best Practices lending methodologies. ?			
6. Organizational and Institutional Development maximum 15 Points The extent to which the Applicant has installed: ?human resource development plans which include job descriptions, performance based staff remuneration schemes and on-going training plans; ?written policies and procedures which will govern management, operational decision-making and SMF Program implementation and which are fully consistent with Best Practice. ?long range strategic plan in place and operational. ? ?			
TOTAL maximum 100 Points			

A minimum score of 75 points is required for an Application to be recommended for MIP Sub-contract Agreement funding.

Annex A-4

MIP Funding Consent Letter

(Date)

Cognizant Technical Officer
AMIR Program, SMI Component
Office of Economic Opportunity
USAID/Amman
Amman, Jordan

Subject: Contract No. 278-C-00-98-00029-00
MIP Consent Request No. _____ For the Funding of :
Grant No. _____ with (beneficiary name)

Dear Sir/Madam:

This is a request for the consent of the Regional Contracting Officer for the AMIR Program to enter into the above referenced Grant agreement. In support of this request, please find attached the following documentation:

- ? a completed MIP Funding Approval Sheet;
- ? the projected balance sheets and income statements for the SMF Program proposed in the successful Application;
- ? the proposed Grant Agreement.

This is to certify that to the best of my knowledge, all USAID and MIP procedures were followed in arriving at the decisions reflected in this request. For your administrative convenience, space has been provided below for your concurrence and for the RCO to grant his/her consent.

Thank you for your consideration and cooperation.

Sincerely,

Stephen Wade
AMIR Program Director

Concurrence : _____ Date: _____
Cognizant Technical Officer

Consent Granted: _____ Date: _____
Regional Contracting Officer

Consent Not Granted: _____ Date: _____
Regional Contracting Officer

Annex A-5**Grant Activity Completion Form**

1. Beneficiary's Name:
2. Beneficiary's Address:
3. Beneficiary's Telephone: Fax:
4. Beneficiary's Agent: Title:
5. Grant Program Title:
6. Grant Tracking Number:
7. Final Budget Reconciliation
8. MIP Administrators Report Attached (see note below) ? " Yes " No
9. Beneficiary's MIP Completion Report Attached ? " Yes " No

Approved Amount of Grant:

Amount Disbursed:
(copy of Expense Report)

Signature:

MIP Administrator

Date:

Note : The Administrator's Report must include the following information:

1. Program Achievements and Relevance to MIP's Purpose:
2. Assessment of Implementation Process and Lessons Learned
3. Follow-on activities under consideration

Annex A-6

MIP Agreement Modification Approval Sheet

Section B. Grant Agreement Modification Approval Process The AMIR Program's MIP Committee met today, ___/___/___, to consider modification of a Grant Agreement entered into with _____ in connection a MIP Committee approval granted on ___/___/___ (reference Grant tracking number _____). The MIP Advisors hereby confirm:

1. That after modification as recommended below, the referenced Grant Agreement will continue to be consistent with all AMIR Program objectives;
2. That the Advisors hereby recommend that the MIP Committee Approve that the referenced Grant Agreement amount be increased by Jordanian Dinars _____ to a new total amount of Jordanian Dinars _____.

Recommending Advisors' signatures: _____
Advisor
Advisor

MIP Committee Decision on Grant Agreement Modification is as follows (two "Approved" votes signifies "MIP Committee Approval"):

MOP Representative Vote: Approved ? _____ Not Approved ? _____
MOP Representative
MOP Representative

AMIR Representative Vote 1: Approved ? _____ Not Approved ? _____
AMIR Representative
AMIR Representative

AMIR Representative Vote 2: Approved ? _____ Not Approved ? _____
USAID Representative
AMIR Representative

MIP Committee Decision Recorded: Approved ? Not Approved ? _____

MIP Committee Secretary